

Economic Development Enhancement Fund	Fund 439
--	-----------------

PURPOSE OF THE FUND:

The Economic Development Enhancement Fund (DEF) was established by the City Council to encourage job retention and creation for San José residents; increase sales revenue for the City of San José; and overall economic development.

The program has four primary tools to accomplish these goals:

1. Assist San José small businesses by providing loan guarantees to lenders for transactions that do not meet traditional banking standards.
2. The DEF provides direct loans to eligible and qualified borrowers to close the gap in financing when the lender does not provide the total amount of funds requested.
3. The DEF program provides technical assistance to small businesses as necessary.
4. The DEF program can provide equity financing to San José small businesses through an intermediary investment service provider.

The DEF is governed by an administrative plan that was approved by the City Council and the Office of Economic Development was designated to administer the fund. A Fund Advisory Board (FAB), comprised of representatives from the business and financial community, reviews loan guarantee and direct loan applications. The FAB provides the input and oversight on the fundamental policies and general operating guidelines and procedures. The FAB also advises staff on credit approval or denial and other business issues. The City Council has allowed the FAB to make any further changes in the administrative plan by a majority vote.

AUTHORITY FOR THE FUND:

San José Municipal Code sections 4.80.440 through 4.80.460. Revenue and expenditure estimates are budgeted via Council funding sources resolution and appropriation ordinance, respectively.

SOURCE OF FUNDS:

All of the following moneys shall be placed in and credited to the Economic Development Enhancement Fund:

- All moneys received from borrowers for the repayment of Economic Development Enhancement Fund loans.
- All interest earned on funds within the Economic Development Enhancement Fund.
- All moneys which the City Council from time to time may transfer to or order to be placed in or credited to the Economic Development Enhancement Fund.

Economic Development Enhancement Fund	Fund 439
--	-----------------

FUND RESTRICTIONS:

While the use of moneys within this fund is not subject to Proposition 218, certain moneys in this fund may be restricted by other policies and guidelines, which are described below.

Moneys in the Economic Development Enhancement Fund may only be expended to provide funding assistance for activities and projects that enhance economic development in the City, including but not limited to, job creation and city revenue enhancement.

All interest earned on funds within the Economic Development Enhancement Fund must be expended on services within the fund.

LEAD RESPONSIBILITY:

- Office of Economic Development
- Finance Department

FINANCIAL INFORMATION AND LOCATION:**Comprehensive Annual Financial Report (CAFR) Designation:**

Governmental Fund-Special Revenue

Budget Location:

Adopted Operating Budget

Funding Sources Resolution and Appropriation Ordinance Location:

Section 24.02